

TOWN OF GREENFIELD, MASSACHUSETTS

FINANCIAL STATEMENTS
JUNE 30, 2018



**TOWN OF GREENFIELD, MASSACHUSETTS
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2018**

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-12

Basic Financial Statements

<u>Exhibit</u>		
	Government-Wide Financial Statements:	
I	Statement of Net Position	13
II	Statement of Activities	14
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17-18
V	Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	19
VI	Statement of Net Position - Proprietary Funds	20
VII	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
VIII	Statement of Cash Flows - Proprietary Funds	22
IX	Statement of Net Position - Fiduciary Funds	23
X	Statement of Changes in Net Position - Trust Funds	24
	Notes to the Financial Statements	25-62

Required Supplementary Information

	Pension Plans:	
RSI-1	Schedule of the Town's Proportionate Share of the Net Pension Liability - Greenfield Contributory Retirement System	63
RSI-2	Schedule of Employer Contributions - Greenfield Contributory Retirement System	64
RSI-3	Schedule of the Town's Proportionate Share of the Net Pension Liability - Massachusetts Teachers' Retirement System	65
	Other Postemployment Benefits (OPEB) Plan:	
RSI-4	Schedule of Changes in Net OPEB Liability and Related Ratios - OPEB Plan	66
RSI-5	Schedule of Employer Contributions - OPEB Plan	67
RSI-6	Schedule of Investment Returns - OPEB Plan	68



Independent Auditors' Report

To the Honorable Mayor and Town Council
Town of Greenfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Greenfield, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Greenfield, Massachusetts's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greenfield Contributory Retirement System (Pension Trust Fund), a fiduciary component unit of the Town of Greenfield, Massachusetts, as of December 31, 2017 and for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greenfield Contributory Retirement System (Pension Trust Fund), is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Greenfield, Massachusetts, as of June 30, 2018, except the Greenfield Contributory Retirement System (Pension Trust Fund), which is as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle and Correction of an Error

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Greenfield, Massachusetts, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Greenfield, Massachusetts, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Greenfield, Massachusetts, restated beginning net position of governmental activities and fund balance of governmental funds in order to correct the effect of the prior year assets and deferred inflows incorrectly stated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

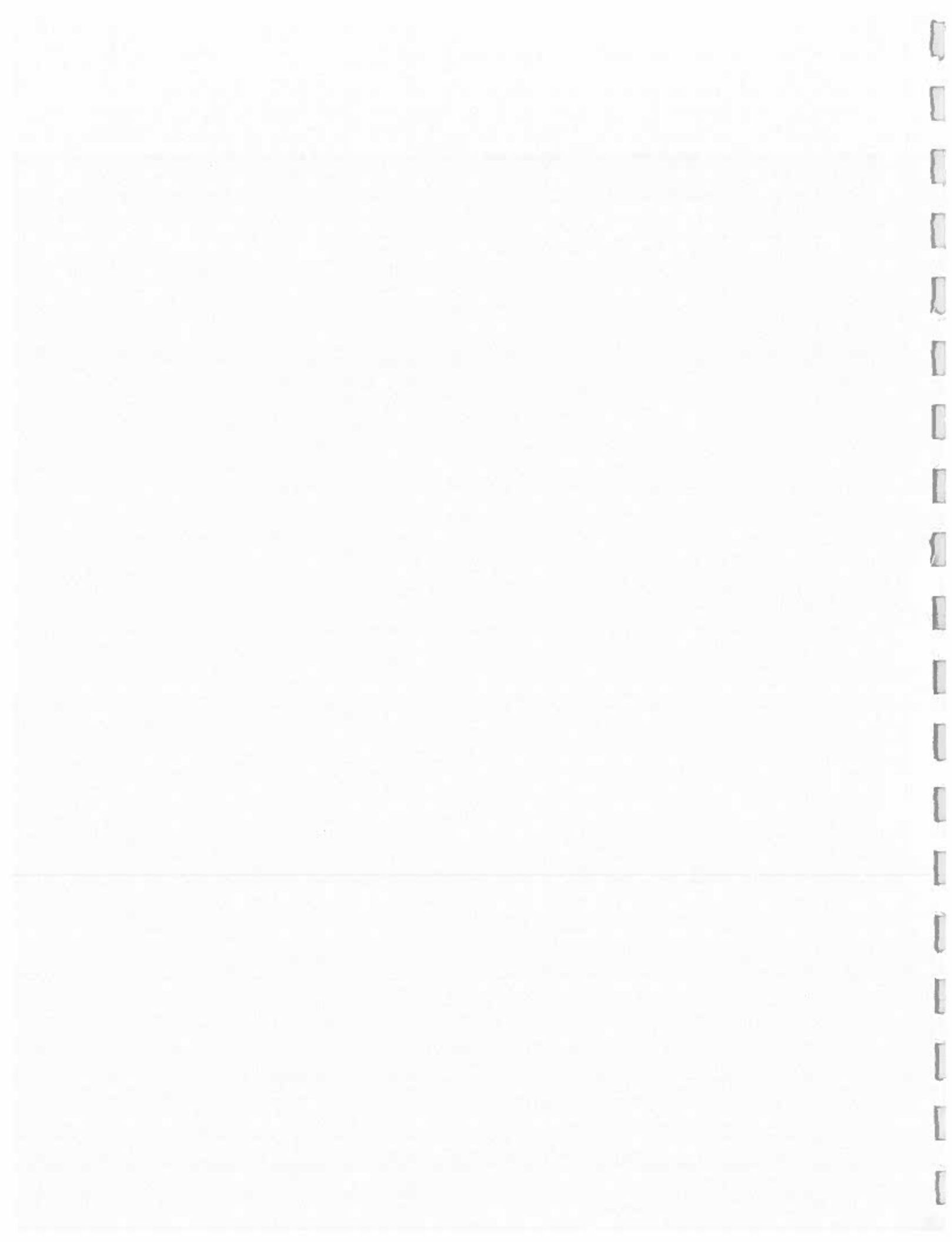
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019 on our consideration of the Town of Greenfield, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Greenfield, Massachusetts's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenfield, Massachusetts's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
July 22, 2019



**TOWN OF GREENFIELD, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the Town of Greenfield, Massachusetts (the Town) we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by (\$21,673,528) (i.e., net position), a change of \$(6,042,618) in comparison to the prior year.

As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$615,668, a change of (\$3,108,061) in comparison with the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,190,458, a change of (\$229,528) in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets and liabilities, and deferred outflows/inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity established fees and charges designed to recover its costs, including capital costs such as depreciation and debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, on in more detail. Specifically, enterprise funds are used to account for Water and Sewer operations, which are considered major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017	2018	2017 (as Restated)
Current and other assets	\$ 26,935,375	\$ 22,336,430	\$ 2,618,862	\$ 4,261,158	\$ 29,554,237	\$ 26,597,588
Capital assets, net of accumulated depreciation	122,049,885	111,732,213	16,517,422	15,969,796	138,567,307	127,702,009
Total assets	<u>148,985,260</u>	<u>134,068,643</u>	<u>19,136,284</u>	<u>20,230,954</u>	<u>168,121,544</u>	<u>154,299,597</u>
Deferred outflows of resources	<u>5,430,292</u>	<u>4,930,031</u>	<u>206,435</u>	<u>205,318</u>	<u>5,636,727</u>	<u>5,135,349</u>
Current and other liabilities	24,215,813	14,655,998	3,837,480	3,183,752	28,053,293	17,839,750
Long-term liabilities outstanding	152,021,705	159,624,926	7,444,702	9,658,164	159,466,407	169,283,090
Total liabilities	<u>176,237,518</u>	<u>174,280,924</u>	<u>11,282,182</u>	<u>12,841,916</u>	<u>187,519,700</u>	<u>187,122,840</u>
Deferred inflows of resources	<u>7,629,889</u>	<u>28,252</u>	<u>282,210</u>		<u>7,912,099</u>	<u>28,252</u>
Net Position:						
Net investments in capital assets	73,698,441	70,103,407	9,997,622	7,286,749	83,696,063	77,390,156
Restricted	8,662,312	7,711,100			8,662,312	7,711,100
Unrestricted	<u>(111,812,608)</u>	<u>(113,125,009)</u>	<u>(2,219,295)</u>	<u>307,607</u>	<u>(114,031,903)</u>	<u>(112,817,402)</u>
Total Net Position	<u>\$ (29,451,855)</u>	<u>\$ (35,310,502)</u>	<u>\$ 7,778,327</u>	<u>\$ 7,594,356</u>	<u>\$ (21,673,528)</u>	<u>\$ (27,716,146)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was (\$21,673,528) a change of \$(6,042,618) from the prior year.

The largest portion of net position, \$83,696,063, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$8,662,312 represents resources that are subject to external restrictions on how they may be used. The remaining balances in unrestricted net position are a deficit of \$(111,812,608) (governmental) and a deficit of \$(2,219,295) (business-type).

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,677,311	\$ 4,761,735	\$ 4,143,546	\$ 3,770,937	\$ 9,820,857	\$ 8,532,672
Operating grants and contributions	27,284,953	28,116,438			27,284,953	28,116,438
Capital grants and contributions	12,442,300	2,647,824	147,142	296,484	12,589,442	2,944,308
General revenues:						
Property taxes	31,971,853	30,145,274			31,971,853	30,145,274
Excises	1,939,055	1,486,874			1,939,055	1,486,874
Penalties, interest and other taxes	1,021,048	1,000,834			1,021,048	1,000,834
Grants not restricted to specific programs	3,171,605	3,052,555			3,171,605	3,052,555
Unrestricted investment earnings	112,758	140,531	1,645	8,277	114,403	148,808
Miscellaneous revenue	367,205	307,521			367,205	307,521
Total revenues	<u>83,988,088</u>	<u>71,659,586</u>	<u>4,292,333</u>	<u>4,075,698</u>	<u>88,280,421</u>	<u>75,735,284</u>
Expenses:						
General government	7,422,420	7,493,308			7,422,420	7,493,308
Public safety	11,232,991	11,138,750			11,232,991	11,138,750
Public works	5,643,712	4,805,749			5,643,712	4,805,749
Health and human services	4,431,862	4,749,814			4,431,862	4,749,814
Culture and recreation	1,927,844	1,995,760			1,927,844	1,995,760
Education	41,724,110	40,132,109			41,724,110	40,132,109
Interest and fiscal charges	1,418,207	1,362,246			1,418,207	1,362,246
Intergovernmental	4,325,295	3,972,202			4,325,295	3,972,202
Water department			1,815,891	1,725,444	1,815,891	1,725,444
Sewer department			2,295,471	2,705,248	2,295,471	2,705,248
Total expenses	<u>78,126,441</u>	<u>75,649,938</u>	<u>4,111,362</u>	<u>4,430,692</u>	<u>82,237,803</u>	<u>80,080,630</u>
Change in net position before transfers	5,861,647	(3,990,352)	180,971	(354,994)	6,042,618	(4,345,346)
Transfers	(3,000)	233,141	3,000	(233,141)	-	-
Change in net position	<u>5,858,647</u>	<u>(3,757,211)</u>	<u>183,971</u>	<u>(588,135)</u>	<u>6,042,618</u>	<u>(4,345,346)</u>
Net Position at Beginning of Year	(35,310,502)	14,865,336	7,594,356	9,588,372	(27,716,146)	24,453,708
Restatement		(46,418,627)		(1,405,881)		(47,824,508)
Net Position at End of Year	<u>\$ (29,451,855)</u>	<u>\$ (35,310,502)</u>	<u>\$ 7,778,327</u>	<u>\$ 7,594,356</u>	<u>\$ (21,673,528)</u>	<u>\$ (27,716,146)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$5,858,647. Key elements of this change are as follows:

Governmental funds excess (deficiency) of expenditures, as discussed further in Section D	\$ (3,108,061)
Depreciation expense in excess of principal debt service	(2,085,038)
Capital assets purchases from grant and general resources	15,466,639
Bond and capital lease proceeds	(115,317)
Net OPEB liability increase, net of deferrals	(2,962,588)
Net pension liability increase, net of deferrals	(2,126,676)
Other timing differences	<u>789,688</u>
Total	\$ <u>5,858,647</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$183,971. Key elements of this change are as follows:

Water enterprise fund	\$ (49,028)
Sewer enterprise fund	<u>232,999</u>
	\$ <u>183,971</u>

Financial Analysis of the Government's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$615,668, a change of (\$3,108,061) in comparison with the prior year. Key elements of this change are as follows:

General fund operations, as discussed further below	\$ (225,999)
Major fund - GCET expenditures	(1,040,966)
Major fund - CDBG program income expenditures in excess of revenues	40,999
Major fund - Capital outlay orders expenditures	(4,086,661)
Major fund - Parking garage revenues in excess of expenditures	82,770
Nonmajor funds revenues, transfers in and bond proceeds in excess of expenditures and transfers out	<u>2,121,796</u>
	<u>\$ (3,108,061)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,190,458 while total fund balance was \$4,100,683. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Total 2018 General Fund Expenditures</u>
Unassigned fund balance	\$ 3,190,458	\$ 3,419,986	\$ (229,528)	5.5%
Total fund balance	4,100,683	4,326,682	(225,999)	7.0%

The fund balance of the general fund changed by \$(225,999) during the current fiscal year. Key elements of this change are as follows:

General Fund Operating Results:	
Excess of tax collections compared to budget	\$ 612,262
State and local revenues (including transfers) compared to budget	(70,883)
Budgetary appropriations unspent by departments	166,337
Use of fee cash (fund balance) as a funding source	(826,686)
Difference between current year encumbrances to be spent in the subsequent year and prior year encumbrances spent in the current year	(51,252)
Other uses	(3,221)
Change in Stabilization Funds	<u>(52,556)</u>
Total	<u>\$ (225,999)</u>

Included in the total general fund balance are the Town's stabilization funds with the following balances:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
Building maintenance stabilization fund	\$ 129,406	\$ 116,259	\$ 13,147
Capital stabilization fund	102,995	155,012	(52,017)
Contractual agreements stabilization fund	263,732	236,551	27,181
School special education stabilization fund	166,817	100,348	66,469
General Stabilization Fund	<u>1,855,399</u>	<u>1,962,735</u>	<u>(107,336)</u>
 Total Stabilization Funds	 \$ <u>2,518,349</u>	 \$ <u>2,570,905</u>	 \$ <u>(52,556)</u>

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to (\$2,219,295), a change of (\$3,932,783) in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$829,907. Major reasons for these amendments include:

- \$495,556 Free Cash - General Fund Supplemental Budget
- \$129,419 Transfer from Compensated Absence Fund
- \$30,000 Transfer from Stabilization Funds
- \$150,000 Transfer to Capital Funds
- \$21,711 Carry Forward Funds
- \$3,221 Other Departmental

Capital Asset and Debt Administration

Capital Assets

Total capital assets (net of accumulated depreciation) for governmental and business-type activities at year end amounted to \$138,567,307. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,383,794	\$ 13,395,848	\$ 50,000	\$ 50,000	\$ 13,433,794	\$ 13,445,848
Construction in progress	1,069,700	70,269,466	38,573	97,443	1,108,273	70,366,909
Buildings and improvements	97,854,018	19,366,776	6,922,159	6,085,836	104,776,177	25,452,612
Machinery, equipment and furnishing	2,510,398	2,437,310	476,029	540,912	2,986,427	2,978,222
Infrastructure	7,231,975	6,262,813	9,030,661	9,195,605	16,262,636	15,458,418
Total	<u>\$ 122,049,885</u>	<u>\$ 111,732,213</u>	<u>\$ 16,517,422</u>	<u>\$ 15,969,796</u>	<u>\$ 138,567,307</u>	<u>\$ 127,702,009</u>

Major capital asset events during the current fiscal year included the following:

Depreciation expense - governmental activities	\$ (5,148,947)
Depreciation expense - water fund	(376,576)
Depreciation expense - sewer fund	(469,818)
GCET capital	125,102
Federal street school	1,815,801
Improvements to Town sidewalks	273,750
Paving/Road improvements	1,374,135
Public safety vehicles	115,317
Parking garage	6,565,668
Public works buildings/roof	617,344
High school technology	185,332
Senior community center project costs	3,564,430
Water main and pump station improvements	30,709
Sewer line and pump station improvements	1,363,313
Other capital asset additions	876,705
Capital asset disposals	(46,967)
Total	<u>\$ 10,865,298</u>

Long-Term Debt

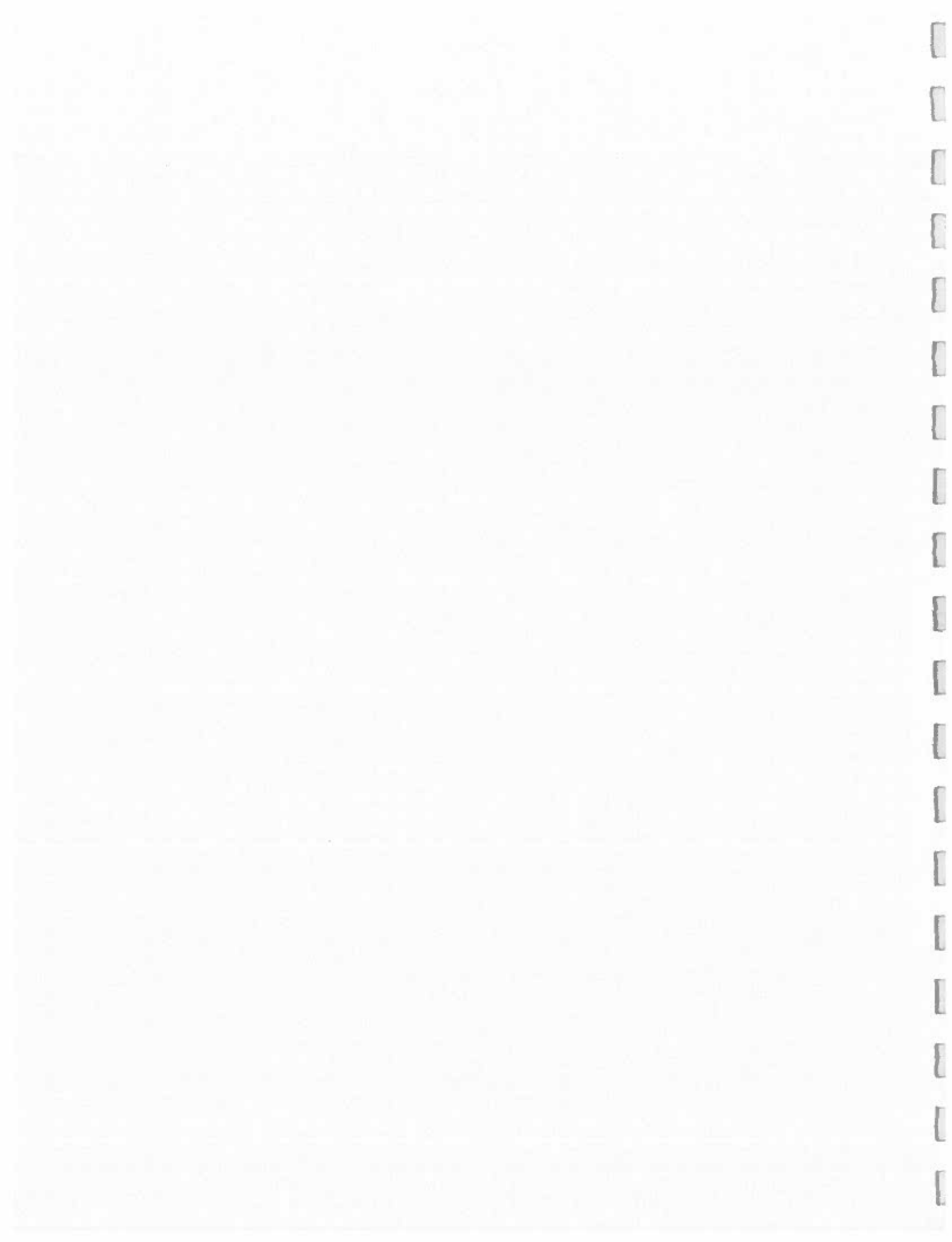
At the end of the current fiscal year, total bonded debt outstanding was \$35,145,769, all of which was backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Purpose Bonds	\$ 31,310,669	\$ 34,204,815	\$ 3,835,100	\$ 4,824,700	\$ 35,145,769	\$ 39,029,515

Additional information on capital assets and long-term debt can be found in the footnotes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayor William F. Martin, Town of Greenfield, 14 Court Square, Greenfield, Massachusetts 01301.



TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 14,704,908	\$ 1,142,961	\$ 15,847,869
Investments	2,869,780		2,869,780
Receivables, net:			
Property taxes	459,483		459,483
Excises	178,996		178,996
Departmental and other	492,845		492,845
Intergovernmental	3,985,627		3,985,627
Loans	3,145,451		3,145,451
User fees		1,380,537	1,380,537
Internal balances	(19,130)	19,130	-
Other assets	4,000		4,000
Total current assets	<u>25,821,960</u>	<u>2,542,628</u>	<u>28,364,588</u>
Noncurrent assets:			
Tax lien receivable, net	1,113,415	76,234	1,189,649
Capital assets, nondepreciable	14,453,494	88,573	14,542,067
Capital assets, net of accumulated depreciation	<u>107,596,391</u>	<u>16,428,849</u>	<u>124,025,240</u>
Total noncurrent assets	<u>123,163,300</u>	<u>16,593,656</u>	<u>139,756,956</u>
Total assets	<u>148,985,260</u>	<u>19,136,284</u>	<u>168,121,544</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	67,000	7,300	74,300
Deferred outflows related to pension	<u>5,363,292</u>	<u>199,135</u>	<u>5,562,427</u>
Total deferred outflows of resources	<u>5,430,292</u>	<u>206,435</u>	<u>5,636,727</u>
Liabilities:			
Current Liabilities:			
Warrants payable	555,406	1,613	557,019
Accounts payable and accrued liabilities	1,986,350	96,626	2,082,976
Accrued payroll and related liabilities	1,803,741	27,422	1,831,163
Accrued interest payable	348,538	19,219	367,757
Unearned revenue	1,434		1,434
Bond anticipation notes payable	16,667,400	2,692,000	19,359,400
Current maturities of long-term liabilities	<u>2,852,944</u>	<u>1,000,600</u>	<u>3,853,544</u>
Total current liabilities	<u>24,215,813</u>	<u>3,837,480</u>	<u>28,053,293</u>
Noncurrent liabilities:			
Due in more than one year	<u>152,021,705</u>	<u>7,444,702</u>	<u>159,466,407</u>
Total liabilities	<u>176,237,518</u>	<u>11,282,182</u>	<u>187,519,700</u>
Deferred Inflows of Resources:			
Advance property tax collections	29,125		29,125
Deferred inflows related to pension	2,502,063	92,899	2,594,962
Deferred inflows related to OPEB	<u>5,098,701</u>	<u>189,311</u>	<u>5,288,012</u>
Total deferred inflows of resources	<u>7,629,889</u>	<u>282,210</u>	<u>7,912,099</u>
Net Position:			
Net investment in capital assets	73,698,441	9,997,622	83,696,063
Restricted for:			
Grants and other statutory restrictions	8,201,971		8,201,971
Permanent funds:			
Nonexpendable	48,692		48,692
Expendable	411,649		411,649
Unrestricted	<u>(111,812,608)</u>	<u>(2,219,295)</u>	<u>(114,031,903)</u>
Total Net Position	<u>\$ (29,451,855)</u>	<u>\$ 7,778,327</u>	<u>\$ (21,673,528)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 7,422,420	\$ 1,381,732	\$ 5,619,597	\$ 6,413,822	\$ 5,992,731	\$	\$ 5,992,731
Public safety	11,232,991	2,353,946	141,435		(8,737,610)		(8,737,610)
Public works	5,643,712	1,025,527	37,562	911,073	(3,669,550)		(3,669,550)
Health and human services	4,431,862	98,021	3,833,480		(500,361)		(500,361)
Culture and recreation	1,927,844	359,701	75,726		(1,492,417)		(1,492,417)
Education	41,724,110	458,384	17,577,153	5,117,405	(18,571,168)		(18,571,168)
Intergovernmental expenditures	4,325,295				(4,325,295)		(4,325,295)
Interest and fiscal charges	1,418,207				(1,418,207)		(1,418,207)
Total governmental activities	78,126,441	5,677,311	27,284,953	12,442,300	(32,721,877)	-	(32,721,877)
Business-type activities:							
Water	1,815,891	1,763,380				(52,511)	(52,511)
Sewer	2,295,471	2,380,166		147,142		231,837	231,837
Total business-type activities	4,111,362	4,143,546	-	147,142	-	179,326	179,326
Total	\$ 82,237,803	\$ 9,820,857	\$ 27,284,953	\$ 12,589,442	(32,721,877)	179,326	(32,542,551)
General revenues:							
Property taxes					31,971,853		31,971,853
Excises					1,939,055		1,939,055
Penalties, interest and other taxes					1,021,048		1,021,048
Grants and contributions not restricted to specific programs					3,171,605		3,171,605
Unrestricted investment earnings					112,758	1,645	114,403
Miscellaneous					367,205		367,205
Transfers					(3,000)	3,000	-
Total general revenues and transfers					38,580,524	4,645	38,585,169
Change in net position					5,858,647	183,971	6,042,618
Net Position at Beginning of Year, as Restated					(35,310,502)	7,594,356	(27,716,146)
Net Position at End of Year					\$ (29,451,855)	\$ 7,778,327	\$ (21,673,528)

The accompanying notes are an integral part of the financial statements

**TOWN OF GREENFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	GCET Capital Fund	CDBG Program Income Fund	Capital Outlay Orders Fund	Parking Garage Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,607,805	\$ 31,208	\$ 18,410	\$ 879,425	\$ 850,750	\$ 9,317,310	\$ 14,704,908
Investments	2,343,144					526,636	2,869,780
Receivables, net:							
Property taxes receivable	484,273						484,273
Excises receivable	297,429						297,429
Tax lien receivable	1,156,015						1,156,015
Departmental and other receivables	501,511					120,102	621,613
Intergovernmental receivables	22,450				2,399,000	1,564,177	3,985,627
Loans			3,145,451				3,145,451
Other assets		4,000					4,000
Total Assets	\$ 8,412,627	\$ 35,208	\$ 3,163,861	\$ 879,425	\$ 3,249,750	\$ 11,528,225	\$ 27,269,096
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Warrants payable	\$ 201,223	\$ 7,017		\$ 168,788	\$ 3,479	\$ 174,899	\$ 555,406
Accounts payable	306,073	450		3,477	1,162,846	467,699	1,940,545
Accrued payroll and other liabilities	1,385,402					418,339	1,803,741
Due to other funds	19,130						19,130
Unearned revenue						1,434	1,434
Bond anticipation notes payable		5,000,000		5,110,000	2,500,000	4,057,400	16,667,400
Other current liabilities	45,711					103	45,814
Total liabilities	1,957,539	5,007,467	-	5,282,265	3,666,325	5,119,874	21,033,470
Deferred inflows of resources:							
Unavailable revenue - property taxes	1,823,769						1,823,769
Unavailable revenue - other receivables	501,511					120,102	621,613
Unavailable revenue - loans			3,145,451				3,145,451
Advance property tax collections	29,125						29,125
Total deferred inflows of resources	2,354,405	-	3,145,451	-	-	120,102	5,619,958
Fund balances:							
Nonspendable						48,692	48,692
Restricted			18,410			9,272,078	9,290,488
Committed	662,950						662,950
Assigned	247,275						247,275
Unassigned	3,190,458	(4,972,259)		(4,402,840)	(416,575)	(3,032,521)	(9,633,737)
Total fund balances	4,100,683	(4,972,259)	18,410	(4,402,840)	(416,575)	6,288,249	615,668
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,412,627	\$ 35,208	\$ 3,163,861	\$ 879,425	\$ 3,249,750	\$ 11,528,225	\$ 27,269,096

(Continued on next page)

TOWN OF GREENFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 615,668
--	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 185,332,227	
Less accumulated depreciation	<u>(63,282,342)</u>	
Net capital assets		122,049,885

Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables greater than 60 days	1,509,178
Housing rehabilitation loan receivables - accrual basis change	3,145,451
Other receivables - accrual basis change	621,622
Deferred outflows related to pensions	5,363,292

Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(31,310,669)
Deferred charge on refunding	67,000
Interest payable on bonds	(348,538)
Landfill post-closure costs	(1,701,595)
Total pension liability	(39,796,719)
Compensated absences	(440,375)
Net pension liability	(176,400)
Net OPEB liability	(81,448,891)
Deferred inflows related to OPEB	(5,098,701)
Deferred inflows related to pensions	<u>(2,502,063)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (29,451,855)</u>
---	------------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	GCET Capital Fund	CDBG Program Income Fund	Capital Outlay Orders Fund	Parking Garage Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 31,749,040	\$	\$	\$	\$	\$	\$ 31,749,040
Excises	1,939,055						1,939,055
Penalties, interest and other taxes	1,021,048						1,021,048
Charges for services	1,237,459					3,268,617	4,506,076
Intergovernmental revenues	21,328,319		142,960		6,398,438	15,013,757	42,883,474
Licenses and permits	144,316						144,316
Fines and forfeitures	357,423						357,423
Investment income	88,492		1,354			22,912	112,758
Contributions						5,845	5,845
Other	28,336					303,955	332,291
Total revenues	57,893,488	-	144,314	-	6,398,438	18,615,086	83,051,326
Expenditures:							
Current:							
General government	3,872,768		103,315			1,627,940	5,604,023
Public safety	6,295,450					841,877	7,137,327
Public works	2,516,179					339,150	2,855,329
Health and human services	765,489					3,344,370	4,109,859
Culture and recreation	804,161					412,225	1,216,386
Education	23,450,388					5,221,876	28,672,264
Employee benefits	11,767,279						11,767,279
Intergovernmental	4,325,295						4,325,295
Debt service:							
Principal retirement	2,823,135					4,146	2,827,281
Interest and other charges	1,564,369						1,564,369
Capital outlay	115,317	1,040,966		4,085,660	6,565,668	4,384,681	16,192,292
Total expenditures	58,299,830	1,040,966	103,315	4,085,660	6,565,668	16,176,265	86,271,704
Excess (Deficiency) of Revenues over Expenditures	(406,342)	(1,040,966)	40,999	(4,085,660)	(167,230)	2,438,821	(3,220,378)
Other Financing Sources (Uses):							
Proceeds from capital leases	115,317						115,317
Transfers in from other funds	779,524				250,000	711,498	1,741,022
Transfers out to other funds	(714,498)			(1,001)		(1,028,523)	(1,744,022)
Total other financing sources (uses)	180,343	-	-	(1,001)	250,000	(317,025)	112,317
Net Change in Fund Balances	(225,999)	(1,040,966)	40,999	(4,086,661)	82,770	2,121,796	(3,108,061)
Fund Balances at Beginning of Year, as Restated	4,326,682	(3,931,293)	(22,589)	(316,179)	(499,345)	4,166,453	3,723,729
Fund Balances at End of Year	\$ 4,100,683	\$ (4,972,259)	\$ 18,410	\$ (4,402,840)	\$ (416,575)	\$ 6,288,249	\$ 615,668

(Continued on next page)

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,108,061)
---	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	15,466,639
Depreciation expense	(5,148,967)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Other receivables - accrual basis change	621,621
Change in interest receivable on property taxes	222,813
Housing rehabilitation loan receivables - accrual basis change	42,030
Changes in deferred outflows related to pensions	533,761

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds payable	2,894,146
Capital lease issuance	(115,317)
Payments on capital leases	169,783

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding	(33,500)
Accrued interest	112,797
Landfill post-closure costs	22,050
Change in compensated absences	(198,123)
Change in net pension liability	(158,375)
Change in deferred inflows related to pension	(2,502,062)
Change in total OPEB liability	2,136,113
Change in deferred inflows related to OPEB	(5,098,701)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 5,858,647</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and Transfers In:				
Property taxes	\$ 31,672,821	\$ 31,672,821	\$ 31,640,369	\$ (32,452)
Excises	1,500,000	1,500,000	1,939,055	439,055
Penalties, interest and other taxes	895,000	895,000	1,021,048	126,048
Charges for services	665,500	665,500	701,270	35,770
Intergovernmental revenues	17,243,548	17,243,548	17,413,321	169,773
Licenses and permits	807,500	807,500	661,287	(146,213)
Fines and forfeitures	275,000	275,000	357,423	82,423
Investment income	15,000	15,000	73,660	58,660
Miscellaneous			24,487	24,487
Transfers in	1,092,861	1,092,861	797,078	(295,783)
Total revenues and transfers in	<u>54,167,230</u>	<u>54,167,230</u>	<u>54,628,998</u>	<u>461,768</u>
Expenditures and Transfers Out:				
General government	3,955,784	4,064,693	3,922,080	142,613
Public safety	6,385,089	6,455,677	6,294,683	160,994
Public works	2,476,445	2,476,445	2,424,873	51,572
Health and human services	907,972	868,322	765,489	102,833
Culture and recreation	805,126	806,041	804,161	1,880
Education	19,322,843	19,522,195	19,522,326	(131)
Employee benefits	11,817,348	11,920,888	11,767,279	153,609
Debt service	4,359,390	4,496,390	4,259,556	236,834
Intergovernmental	4,038,233	4,039,180	4,325,295	(286,115)
Transfers out	99,000	347,306	745,058	(397,752)
Total expenditures and transfers out	<u>54,167,230</u>	<u>54,997,137</u>	<u>54,830,800</u>	<u>166,337</u>
Deficiency of Revenues and Transfers In over Expenditures and Transfers Out	<u>-</u>	<u>(829,907)</u>	<u>(201,802)</u>	<u>628,105</u>
Other Financing Sources (Uses):				
Use of free cash:				
General Fund budget		495,556		(495,556)
Transfer from stabilization funds		30,000		(30,000)
Transfer from Compensated Absence Fund		129,419		(129,419)
Transfer from capital funds		150,000		(150,000)
Carryforward		21,711		(21,711)
Other use		3,221		(3,221)
Total other financing sources (uses)	<u>-</u>	<u>829,907</u>	<u>-</u>	<u>(829,907)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (201,802)</u>	<u>\$ (201,802)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		Total
	Water	Sewer	Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 745,880	\$ 397,081	\$ 1,142,961
User fees receivable, net	606,456	774,081	1,380,537
Due from other funds		19,130	19,130
Total current assets	<u>1,352,336</u>	<u>1,190,292</u>	<u>2,542,628</u>
Noncurrent assets:			
Tax liens receivable, net	30,251	45,983	76,234
Capital assets, nondepreciable	86,173	2,400	88,573
Capital assets, net of accumulated depreciation	5,996,580	10,432,269	16,428,849
Total noncurrent assets	<u>6,113,004</u>	<u>10,480,652</u>	<u>16,593,656</u>
Total assets	<u>7,465,340</u>	<u>11,670,944</u>	<u>19,136,284</u>
Deferred outflows of resources:			
Deferred charge in refunding	7,300		7,300
Deferred outflows related to pensions	94,561	104,574	199,135
Total deferred outflows of resources	<u>101,861</u>	<u>104,574</u>	<u>206,435</u>
Liabilities:			
Current liabilities:			
Warrants payable	617	996	1,613
Accounts payable	13,293	83,333	96,626
Accrued payroll	11,914	15,508	27,422
Accrued interest payable	10,781	8,438	19,219
Notes payable	722,000	1,970,000	2,692,000
Bonds payable, current portion	275,000	725,600	1,000,600
Total current liabilities	<u>1,033,605</u>	<u>2,803,875</u>	<u>3,837,480</u>
Noncurrent liabilities:			
Bonds payable, net of current portion	1,736,000	1,098,500	2,834,500
Accrued compensated absences	46,424	62,022	108,446
Net OPEB liability	1,436,041	1,588,093	3,024,134
Net pension liability	701,664	775,958	1,477,622
Total noncurrent liabilities	<u>3,920,129</u>	<u>3,524,573</u>	<u>7,444,702</u>
Total liabilities	<u>4,953,734</u>	<u>6,328,448</u>	<u>11,282,182</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	44,114	48,785	92,899
Deferred inflows related to OPEB	89,896	99,415	189,311
Total deferred inflows of resources	<u>134,010</u>	<u>148,200</u>	<u>282,210</u>
Net Position:			
Investment in capital assets	3,357,053	6,640,569	9,997,622
Unrestricted	(877,596)	(1,341,699)	(2,219,295)
Total Net Position	<u>\$ 2,479,457</u>	<u>\$ 5,298,870</u>	<u>\$ 7,778,327</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		Total
	Water	Sewer	Enterprise Funds
Operating Revenues:			
Charges for services	\$ 1,763,380	\$ 2,380,166	\$ 4,143,546
Operating Expenses:			
Salaries and benefits	767,301	794,768	1,562,069
Operating expenses	597,707	994,781	1,592,488
Depreciation expense	376,578	469,819	846,397
Total operating expenses	1,741,586	2,259,368	4,000,954
Operating Income	21,794	120,798	142,592
Nonoperating Revenues (Expenses):			
Intergovernmental revenue		147,142	147,142
Income on investments	483	1,162	1,645
Interest expense	(74,305)	(36,103)	(110,408)
Total nonoperating revenues (expenses)	(73,822)	112,201	38,379
Income (Loss) Before Transfers	(52,028)	232,999	180,971
Transfers In	3,000		3,000
Change in Net Position	(49,028)	232,999	183,971
Net Position at Beginning of Year, as Restated	2,528,485	5,065,871	7,594,356
Net Position at End of Year	\$ 2,479,457	\$ 5,298,870	\$ 7,778,327

The accompanying notes are an integral part of the financial statements

**TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Major Funds		Total Enterprise Funds
	Water	Sewer	
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 1,905,735	\$ 2,484,671	\$ 4,390,406
Payments to suppliers	(601,330)	(978,352)	(1,579,682)
Payments to employees	(720,774)	(790,806)	(1,511,580)
Net cash provided by (used in) operating activities	583,631	715,513	1,299,144
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	3,000		3,000
Cash Flows from Capital and Related Financing Activities:			
Additions to property, plant and equipment	(30,710)	(1,363,313)	(1,394,023)
Proceeds received on capital grants		147,142	147,142
Proceeds from issuance of bond anticipation notes	722,000	1,970,000	2,692,000
Principal payments on bond anticipation notes	(1,125,000)	(1,882,000)	(3,007,000)
Principal payments on bonds	(281,000)	(708,600)	(989,600)
Interest payments	(95,541)	(52,203)	(147,744)
Net cash provided by (used in) capital and related financing activities	(810,251)	(1,888,974)	(2,699,225)
Cash Flows from Investing Activities:			
Interest on investments	483	1,162	1,645
Net Increase (Decrease) in Cash and Cash Equivalents	(223,137)	(1,172,299)	(1,395,436)
Cash and Cash Equivalents at Beginning of Year	969,017	1,569,380	2,538,397
Cash and Cash Equivalents at End of Year	\$ 745,880	\$ 397,081	\$ 1,142,961
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 21,794	\$ 120,798	\$ 142,592
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	376,578	469,819	846,397
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	142,355	123,635	265,990
(Increase) decrease in due from other funds		(19,130)	(19,130)
Increase (decrease) in warrants payable	(16,916)	(66,904)	(83,820)
Increase (decrease) in accounts payable	13,293	83,333	96,626
Increase (decrease) in accrued liabilities	(2,627)	(1,065)	(3,692)
Increase (decrease) in compensated absences	(10,628)	(15,663)	(26,291)
Increase (decrease) in net pension liability	(31,309)	(86,349)	(117,658)
Increase (decrease) in net OPEB liability	(37,663)	(41,650)	(79,313)
(Increase) decrease in deferred outflows of resources	(5,256)	489	(4,767)
Increase (decrease) in deferred inflows of resources	134,010	148,200	282,210
Total adjustments	561,837	594,715	1,156,552
Net Cash Provided by (Used in) Operating Activities	\$ 583,631	\$ 715,513	\$ 1,299,144

The accompanying notes are an integral part of the financial statements

TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust Funds	Pension and OPEB Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ <u>73,593</u>	\$ <u>1,227,018</u>	\$ <u>83,948</u>
Investments, at fair value:			
Mutual funds		305,808	
Certificate of deposit	380,463		
U.S. Government securities	98,940		
U.S. Government agencies	98,940		
Common stock	137,892	519,109	
Pension reserve investment trust		69,780,205	
Total investments	<u>716,235</u>	<u>70,605,122</u>	<u>-</u>
Receivables:			
Contributions		609,811	
Total assets	<u>789,828</u>	<u>72,441,951</u>	\$ <u><u>83,948</u></u>
Liabilities:			
Warrants payable	300		\$
Accounts payable and accrued payroll			16,470
Other liabilities			67,478
Total liabilities	<u>300</u>	<u>-</u>	\$ <u><u>83,948</u></u>
Net Position:			
Restricted for trusts	789,528		
Restricted for OPEB		1,310,580	
Restricted for pension benefits		71,131,371	
	\$ <u><u>789,528</u></u>	\$ <u><u>72,441,951</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF GREENFIELD, MASSACHUSETTS
STATEMENT OF CHANGES IN NET POSITION - TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trust Funds	Pension and OPEB Trust Funds
Additions:		
Contributions:		
Employer	\$	\$ 6,785,184
Other systems and Commonwealth of Massachusetts		373,330
Plan members		1,822,280
Other	<u>127,261</u>	
Total contributions	<u>127,261</u>	<u>8,980,794</u>
Investment income (loss):		
Net change in fair value of investments	(15,242)	10,690,918
Interest and dividends	<u>5,562</u>	<u>67,454</u>
Total investment income (loss)	<u>(9,680)</u>	<u>10,758,372</u>
Less investment expenses:		
Investment management fees		<u>(343,932)</u>
Net investment income (loss)	<u>(9,680)</u>	<u>10,414,440</u>
Total additions	<u>117,581</u>	<u>19,395,234</u>
Deductions:		
Benefits		9,635,636
Reimbursements to other systems		194,283
Refunds to plan members		237,383
Administration		147,616
Scholarships awarded	<u>44,678</u>	
Total deductions	<u>44,678</u>	<u>10,214,918</u>
Change in Net Position	<u>72,903</u>	<u>9,180,316</u>
Net Position at Beginning of Year	<u>716,625</u>	<u>63,261,635</u>
Net Position at End of Year	<u>\$ 789,528</u>	<u>\$ 72,441,951</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Greenfield, Massachusetts (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The Town of is a municipal corporation governed by an elected Mayor and Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units, other than the Greenfield Contributory Retirement System as described below.

Fiduciary Component Unit: The Greenfield Contributory Retirement System (the System) was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at Town Hall, 14 Court Square, Greenfield, MA 01301.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *GCET Capital Fund* accounts for all construction and other initial operating costs related to the establishment of the Greenfield Community Energy and Technology municipal light plant.
- The *CDBG Program Income Fund* accounts for funds received for the repayment of housing rehab loans. Funds can be spent on CDBG eligible activities only.
- The *Capital Outlay Orders Fund* accounts for all expenditures authorized by the Capital Improvement Program.
- The *Parking Garage Capital Project Fund* accounts for all construction and other initial operating costs related to the building of a new parking garage.

The Town reports the following major enterprise funds:

- The *Water Enterprise Fund*, which accounts for operations related to providing the Town's water services and supporting infrastructure.
- The *Sewer Enterprise Fund*, which accounts for operations of the Town's wastewater treatment facility and supporting infrastructure.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Additionally, the Town reports the following fiduciary funds:

- The *Private Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Pension and OPEB Trust Fund* accounts for the activities of the *Other Postemployment Benefits Trust Fund* used to accumulate resources for health and life insurance benefits for retired employees and the *Pension Trust Fund* used to account for the activities of the Greenfield Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The *Agency Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary fund financial statements, with exception of agency funds, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposit and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purposes of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Nonfiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Town consist primarily of certificates of deposit, equities and mutual funds. Investments are carried at fair value, except certificates of deposit, which are reported at cost.

The Contributory Retirement System is invested in the State investment pool.

F. Receivables and Payables

Taxes and Excises Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

The day after the final tax bill is due, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the Tax Collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Loans Receivable

Loans receivable represents various deferred payment loans made to residents through the Town's Federal Community Development Block Grant programs.

Other Receivables

Other receivables include amounts from other governments and individuals for services provided by the Town. Receivable are recorded, and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due to/from Other Funds

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	50
Building and improvements	30
Water/sewer infrastructure	50
Vehicles	6-10
Equipment	10
General infrastructure	20-50

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs and difference between projected and actual earnings on investments. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources for advance property tax collections in the government-wide statement and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. In addition, the Town reports deferred inflows of resources related to pension and OPEB in the government-wide financial statements and proprietary funds statement of net position. Deferred inflows of resources related to pension and OPEB result from differences between expected and actual experience and changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, miscellaneous departmental receivables and deferred payment loans made to residents through the Town's Federal Community Development Block Grant Program. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Warrants and Accounts Payable

Warrants payable represent fiscal year ending June 30, 2018 expenditures paid by July 15, 2018 as permitted by law. Accounts payable represent additional fiscal year 2018 expenditures paid after July 15, 2018.

J. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Net Other Postemployment Benefits Other than Pensions (OPEB) Liability

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

N. Equity

Equity in the government-wide financial statements is defined as "net position". Fund equity at the governmental fund financial reporting level is classified as "fund balance".

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted

This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) or legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). Amounts remain committed until action is taken by the Town Council (resolution) to remove or revise the limitations. This category includes stabilization funds committed for specific purposes. Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

Assigned Fund Balance

This includes amounts constrained for the intent to be used for a specific purpose by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. The departments have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

O. Property Tax Limitations

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2018 tax levy reflected an excess capacity of \$2,396,232.

P. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the Town Council, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at Town Council meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Town Council is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the departmental totals as voted. Certain items may exceed the budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

During the year ended June 30, 2018, there were additional appropriations of \$829,907.

B. Budgetary Basis

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

A reconciliation of revenues, expenditures and fund balance of the General Fund between the accounting treatment required by GAAP and budgetary requirements is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Balance, budgetary basis	\$ 54,628,998	\$ 54,830,800
Adjust tax revenue to accrual basis	79,611	
Encumbrances June 30, 2017		251,540
Encumbrances June 30, 2018		(224,775)
Encumbrances cancelled	(24,487)	
Add activity for Town stabilization funds per GASB 54	210,744	263,300
Eliminate transfers between General Fund and stabilization	(195,912)	(195,912)
Reclass of transfers	30,000	30,000
Transactions not budgeted:		
Capital lease issuance	115,317	115,317
State contribution for teachers retirement	3,944,058	3,944,058
Balance, GAAP Basis	<u>\$ 58,788,329</u>	<u>\$ 59,014,328</u>

D. Overexpended Appropriations

The Town overexpended the final budget for education by \$131, intergovernmental expenditures by \$286,115 and transfers out by \$397,752. These overexpenditures were covered by an excess of revenues over budget and use of fund balance.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

E. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2018:

Capital Outlay Orders Fund	\$	4,402,840
CGET Capital Fund		4,972,259
Parking Garage Capital Project Fund		416,575
Nonmajor Governmental Funds:		
Title IIA, Teacher Quality		2,813
Title IV		4,509
Police Outside Detail		43,906
Fire Outside Detail		3,769
Police Property Sales		797
Transfer Station		2,172
Greenfield Education Fund		65
Newton School Gift Fund		114
MassCEC Grant		140
ADA Grant		40,746
2014 CDBG Small Cities		3,184
2017 CDBG Small Cities		130,983
State 911 Development Grant		7,800
Police CIT State Grant		4,150
Traffic Enforcement Grant		1,313
SRT - SWAT Training Grant		1,092
SMRP Recycling Grant		7,155
FY 12 Capital Outlay Orders		105,913
FY 15 Capital Outlay Orders		81,126
FY 16 Capital Outlay Orders		964,217
High School Construction		232,169
Green River School Construction		541,483
Federal St School		797,795
Mass Highways Chapter 90		55,110

It is anticipated that the deficits in these funds will be eliminated through future intergovernmental revenues, bond proceeds and/or Town Council appropriation.

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

3. CASH AND SHORT-TERM INVESTMENTS

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's and Contributory Retirement System's (the System) deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company." The Town and System do not have a policy for custodial credit risk.

As of June 30, 2018, \$14,049 of the Town's bank balance of \$18,832,706 was exposed to custodial credit risk as uninsured, uncollateralized and/or collateral held by pledging bank's trust department not in the Town's name.

As of December 31, 2017, none of the System's bank balance of \$765,068 was exposed to custodial credit risk as uninsured, uncollateralized and/or collateral held by pledging bank's trust department not in the System's name.

B. Investments

As of June 30, 2018, the Town had the following investments:

Investment Type	Fair Value	Ratings	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Interest-bearing investments:					
Certificate of deposit *	\$ 1,904,887	Unrated	\$ 487,092	\$ 1,417,795	\$
U.S. Government securities	495,370	Aaa	495,370		
U.S. Government agencies	495,370	Aaa		495,370	
Total	2,895,627		\$ 982,462	\$ 1,913,165	\$ -
Other investments:					
Mutual funds	305,808				
Common stock	1,209,497				
Total Investments	\$ 4,410,932				

* Subject to coverage by Federal Depository Insurance and Collateralization

As of December 31, 2017, the System had \$69,780,205 invested in the State investment pool which is valued at net asset value.

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, and the investment policy adopted by the Town in November 2009, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). The Town manages credit risk by the diversification and prudent selection of investment instruments and choice of depository. The policy also states that no more than 10% of the Town's investments shall be invested in a single financial institution.

None of the Town's investments of \$4,410,932 are subject to credit risk.

The Retirement System's investments of \$69,780,205* are in the State investment pool which is not subject to credit risk.

* Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust (PRIT) was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Law, Chapter 30B.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Retirement System does not have policies for custodial credit risk.

As previously noted, the Town adopted an investment policy in November 2009 that limits unsecured bank deposits to no more than 5% of an institution's assets or 10% of the Town's cash balance. In addition, the policy limits the Treasurer to investing in financial instruments included on a list produced annually by the Commonwealth Division of Banks (commonly referred to as the "Legal List of Investments").

The Town's investments in certificates of deposit are fully insured and not exposed to custodial credit risk. The Town's other investments are subject to custodial credit risk because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

The Retirement System's investments are in the State investment pool which is not subject to custodial credit risk.

Concentration of Credit Risk

Per the Town's investment policy, no more than 10% of the Town's investments shall be invested in a single financial institution. The Town does not have an investment in one issuer greater than 10% of total investments.

Massachusetts General Law Chapter 32, Section 23 limits the amount the Retirement System may invest in any one issuer or security type with the exception of the PRIT fund, which the System is invested in.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. For the most part, the policy adopted in November 2009, establishes a one-year investment term limit for applicable types of investments, such as certificates of deposit for General Fund investments. Trust fund investments have no limit on the length of maturity from date of purchase.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is disclosed above.

Information about the sensitivity of the fair values of the System's investments to market interest rate fluctuations is not applicable as all of the System's investments are immediately liquid.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. Massachusetts General Law prohibits foreign investments; therefore, the investment policy adopted in November 2009 does not speak specifically to foreign currency issues. This risk is managed by limiting the Treasurer to investments contained on the "Legal List of Investments".

The System does not have a policy for foreign currency risk.

C. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following fair value measurements as of June 30, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 495,370	\$	\$ 495,370	\$
U.S. Government agencies	495,370		495,370	
Common stock	1,209,497	1,209,497		
Mutual funds	305,808	305,808		
Total investments by fair value level	2,506,045	\$ 1,515,305	\$ 990,740	\$ -
Certificates of deposit	1,904,887			
Total Investments	\$ 4,410,932			

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The System has the following investments valued as net asset value (NAV) per share (or its equivalent) presented in the following table as of December 31, 2017:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Pension Reserve Investment Trust	\$ 69,780,205	\$ -	Monthly	30 Days

4. RECEIVABLES

Receivables at June 30, 2018 for the Town's individual major funds, nonmajor governmental funds and fiduciary funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>CDBG Program Income Fund</u>	<u>Parking Garage Capital Project Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Property taxes	\$ 484,273	\$	\$	\$	\$	\$	\$	\$ 484,273
Excise	297,429							297,429
Tax lien	1,156,015			30,251	45,983			1,232,249
Departmental and other	501,511			645,137	821,375	120,102	609,811	2,697,936
Intergovernmental	22,450		2,399,000			1,564,177		3,985,627
Loans		3,145,451						3,145,451
Gross receivables	2,461,678	3,145,451	2,399,000	675,388	867,358	1,684,279	609,811	11,842,965
Less allowance for collection losses				38,681	47,294			85,975
Net Total Receivable	\$ 2,461,678	\$ 3,145,451	\$ 2,399,000	\$ 636,707	\$ 820,064	\$ 1,684,279	\$ 609,811	\$ 11,756,990

In the government-wide financial statements, taxes, excise and departmental receivables are reported net of estimated allowance for doubtful accounts at year end and consist of the following:

<u>Receivables</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 425,059	\$	\$ 425,059
Personal property taxes	59,214	24,790	34,424
Total current property taxes	484,273	24,790	459,483
Tax liens	1,156,015	42,600	1,113,415
Motor vehicle excise	297,429	118,433	178,996
Department and other	621,613	128,768	492,845
Total	\$ 2,559,330	\$ 314,591	\$ 2,244,739

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,395,848	\$ 34,913	\$ 46,967	\$	\$ 13,383,794
Construction in progress	70,269,466	13,310,541		(82,510,307)	1,069,700
Total capital assets not being depreciated	<u>83,665,314</u>	<u>13,345,454</u>	<u>46,967</u>	<u>(82,510,307)</u>	<u>14,453,494</u>
Capital assets being depreciated:					
Buildings and improvements	58,825,086	470,753		81,850,034	141,145,873
Machinery, equipment and furnishing	10,344,278	734,724			11,079,002
Infrastructure	17,030,910	962,675		660,273	18,653,858
Total capital assets being depreciated	<u>86,200,274</u>	<u>2,168,152</u>	<u>-</u>	<u>82,510,307</u>	<u>170,878,733</u>
Less accumulated depreciation for:					
Buildings and improvements	39,458,310	3,833,545			43,291,855
Machinery, equipment and furnishing	7,906,968	661,636			8,568,604
Infrastructure	10,768,097	653,786			11,421,883
Total accumulated depreciation	<u>58,133,375</u>	<u>5,148,967</u>	<u>-</u>	<u>-</u>	<u>63,282,342</u>
Total capital assets being depreciated, net	<u>28,066,899</u>	<u>(2,980,815)</u>	<u>-</u>	<u>82,510,307</u>	<u>107,596,391</u>
Governmental Activities Capital Assets, Net	<u>\$ 111,732,213</u>	<u>\$ 10,364,639</u>	<u>\$ 46,967</u>	<u>\$ -</u>	<u>\$ 122,049,885</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,000	\$	\$	\$	\$ 50,000
Construction in progress	97,443	986,992		(1,045,862)	38,573
Total capital assets not being depreciated	<u>147,443</u>	<u>986,992</u>	<u>-</u>	<u>(1,045,862)</u>	<u>88,573</u>
Capital assets being depreciated:					
Buildings and improvements	9,431,098			1,045,862	10,476,960
Machinery, equipment and furnishing	1,448,791				1,448,791
Infrastructure	18,040,261	407,031			18,447,292
Total capital assets being depreciated	<u>28,920,150</u>	<u>407,031</u>	<u>-</u>	<u>1,045,862</u>	<u>30,373,043</u>
Less accumulated depreciation for:					
Buildings and improvements	3,345,262	209,539			3,554,801
Machinery, equipment and furnishing	907,879	64,883			972,762
Infrastructure	8,844,656	571,975			9,416,631
Total accumulated depreciation	<u>13,097,797</u>	<u>846,397</u>	<u>-</u>	<u>-</u>	<u>13,944,194</u>
Total capital assets being depreciated, net	<u>15,822,353</u>	<u>(439,366)</u>	<u>-</u>	<u>1,045,862</u>	<u>16,428,849</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,969,796</u>	<u>\$ 547,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,517,422</u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Depreciation expense was charged to functions of the Town as follows:

Governmental activities:	
General government	\$ 585,758
Public safety	473,223
Public works	790,697
Health and human services	107,332
Culture and recreation	212,898
Education	<u>2,979,059</u>
Total Depreciation Expense - Governmental Activities	\$ <u>5,148,967</u>
Business-type activities:	
Water Fund	\$ 376,578
Sewer Fund	<u>469,819</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>846,397</u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
DPW Modular Office Building	\$ 178,572	\$ 165,810
Poet's Seat Tower Repair Project		55,000
Davis St. School St. Sidewalk Replacement Project	44,769	2,356
Four Corners School Parking Lot Rehabilitation Project	<u> </u>	<u>161,228</u>
	\$ <u>223,341</u>	\$ <u>384,394</u>

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. BOND ANTICIPATION NOTES PAYABLE

The Town had the following notes outstanding at June 30, 2018:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
10/17/16	10/17/17	0.94%	\$ 1,500,000	\$	\$ 1,500,000	\$ -
10/17/16	10/17/17	0.90%	1,000,000		1,000,000	-
1/20/17	1/19/18	1.20%	4,404,000		4,404,000	-
6/1/17	6/1/18	1.30%	2,214,000		2,214,000	-
6/1/17	6/1/18	1.25%	1,000,000		1,000,000	-
6/30/17	6/1/18	1.25%	1,000,000		1,000,000	-
6/30/17	6/1/18	1.27%	1,000,000		1,000,000	-
6/30/17	6/1/18	1.34%	1,500,000		1,500,000	-
6/30/17	6/1/18	1.35%	177,400		177,400	-
6/1/18	10/1/18	1.70%		5,000,000		5,000,000
6/1/18	12/3/18	1.95%		44,400		44,400
6/1/18	5/31/19	1.75%		14,315,000		14,315,000
			<u>\$ 13,795,400</u>	<u>\$ 19,359,400</u>	<u>\$ 13,795,400</u>	<u>\$ 19,359,400</u>

The bond anticipation notes were issued for the construction of a Community Center, Parking Garage, start up funding for a Municipal Light Plant (GCET) and various other capital projects.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term debt activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 34,204,815	\$	\$ 2,894,146	\$ 31,310,669	\$ 2,683,146
Capital leases	494,841	115,317	169,783	440,375	85,309
Compensated absences	1,503,472	198,123		1,701,595	62,439
Net OPEB liability *	83,585,004	*	2,136,113	81,448,891	
Net pension liability	39,638,344	158,375		39,796,719	
Landfill post-closure costs	198,450		22,050	176,400	22,050
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 159,624,926</u>	<u>\$ 471,815</u>	<u>\$ 5,222,092</u>	<u>\$ 154,874,649</u>	<u>\$ 2,852,944</u>
Business-type activities:					
Bonds payable	\$ 4,824,700	\$	\$ 989,600	\$ 3,835,100	\$ 1,000,600
Compensated absences	134,737		26,290	108,447	
Net OPEB liability *	3,103,447	*	79,313	3,024,134	
Net pension liability	1,595,280		117,659	1,477,621	
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 9,658,164</u>	<u>\$ -</u>	<u>\$ 1,212,862</u>	<u>\$ 8,445,302</u>	<u>\$ 1,000,600</u>

* Beginning balance of the Net OPEB liability was restated. See Note 17 for details.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the governmental activities, landfill post-closure, compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2018</u>
Governmental Activities:					
Title V (part I)	\$ 17,125	08/01/01	08/01/19	0.00%	\$ 1,784
Multi-purpose 00	17,407,000	01/01/00	09/01/20	5.00-7.00%	712,000
Title V (part II)	62,270	11/23/04	08/01/24	0.00%	24,385
Multi-purpose 05	11,948,000	09/01/05	09/01/20	2.90-5.00%	150,000
Multi-purpose 10	3,844,000	12/01/09	12/01/24	2.00-3.50%	637,500
Multi-purpose 12	5,288,800	05/23/12	02/01/27	2.00-2.55%	1,210,000
Multi-purpose 14	28,422,000	03/06/14	03/01/39	3.00-5.00%	23,675,000
Multi-purpose 16	<u>7,381,000</u>	11/01/16	12/01/41	3.00-3.50%	<u>4,900,000</u>
Total Governmental Activities	<u>44,935,800</u>				<u>\$ 31,310,669</u>
Business-Type Activities:					
Water Fund:					
Multi-purpose 00	\$ 17,407,000	01/01/00	09/01/20	5.00-7.00%	\$ 258,000
Multi-purpose 05	11,948,000	09/01/05	09/01/20	2.90-5.00%	32,000
Multi-purpose 10	3,844,000	12/01/09	12/01/24	2.00-3.50%	36,000
Multi-purpose 12	5,288,800	05/23/12	02/01/27	2.00-2.55%	135,000
Multi-purpose 14	28,422,000	03/06/14	03/01/39	3.00-5.00%	155,000
Multi-purpose 16	<u>7,381,000</u>	11/01/16	12/01/41	3.00-3.50%	<u>1,395,000</u>
Total	<u>74,290,800</u>				<u>2,011,000</u>
Sewer Fund:					
Wastewater treatment plant upgrade (MWPAT)	6,482,394	02/01/05	08/01/18	1.50%	569,600
Multi-purpose 05	11,948,000	09/01/05	09/01/20	2.90-5.00%	23,000
Multi-purpose 10	3,844,000	12/01/09	12/01/24	2.00-3.50%	186,500
Multi-purpose 12	5,288,800	05/23/12	02/01/27	2.00-2.55%	290,000
Multi-purpose 14	28,422,000	03/06/14	03/01/39	3.00-5.00%	250,000
Multi-purpose 16	<u>7,381,000</u>	11/01/16	12/01/41	3.00-3.50%	<u>505,000</u>
Total	<u>63,366,194</u>				<u>1,824,100</u>
Total Business-Type Activities					<u>\$ 3,835,100</u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2018 are as follows:

Governmental Activities			
	Principal	Interest	Total
2019	\$ 2,683,146	\$ 1,152,785	\$ 3,835,931
2020	1,833,146	1,059,379	2,892,525
2021	1,720,254	986,924	2,707,178
2022	1,598,754	916,450	2,515,204
2023	1,526,254	859,614	2,385,868
2024-2028	7,189,115	3,516,714	10,705,829
2029-2033	6,750,000	2,323,431	9,073,431
2034-2038	6,560,000	1,065,588	7,625,588
2039-2042	1,450,000	60,400	1,510,400
	<u>\$ 31,310,669</u>	<u>\$ 11,941,285</u>	<u>\$ 43,251,954</u>

Business-Type Activities			
	Principal	Interest	Total
2019	\$ 1,000,600	\$ 101,559	\$ 1,102,159
2020	376,000	87,816	463,816
2021	233,000	77,083	310,083
2022	199,500	69,731	269,231
2023	192,000	63,430	255,430
2024-2028	764,000	233,830	997,830
2029-2033	495,000	136,088	631,088
2034-2038	375,000	64,388	439,388
2039-2042	200,000	14,000	214,000
	<u>\$ 3,835,100</u>	<u>\$ 847,925</u>	<u>\$ 4,683,025</u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

8. CAPITAL LEASE OBLIGATIONS

The Town is the lessee of certain equipment under capital leases expiring in 2025. Future minimum lease payments consist of the following as of June 30, 2018:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 98,014
2020	98,014
2021	57,989
2022	57,989
2023	57,989
2024-2025	<u>115,977</u>
Total payments	485,972
Less amounts representing interest	<u>(45,597)</u>
Present Value of Minimum Lease Payments	\$ <u><u>440,375</u></u>

The gross amount of assets acquired under capital leases, by major asset class, are shown below:

Machinery and equipment	\$ 729,628
Less accumulated depreciation	<u>(163,576)</u>
Total	\$ <u><u>566,052</u></u>

9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws and regulations require the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$176,400 reported as landfill postclosure care liability at June 30, 2018 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

10. INTERFUND FUND ACCOUNTS

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2018 balances in interfund receivable and payable accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ <u>19,130</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Parking Garage Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	
Transfers out:					
General Fund	\$	\$	\$ 711,498	\$ 3,000	\$ 714,498
Capital Outlay Orders Fund	1,001				1,001
Nonmajor Governmental Funds	<u>778,523</u>	<u>250,000</u>			<u>1,028,523</u>
Transfers In	<u>\$ 779,524</u>	<u>\$ 250,000</u>	<u>\$ 711,498</u>	<u>\$ 3,000</u>	<u>\$ 1,744,022</u>

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	General Fund	CGET Capital Fund	CDBG Program Income Fund	Capital Outlay Orders Fund	Parking Garage Capital Project Fund	Nonmajor Governmental Funds	Total
Fund balances:							
Nonspendable:							
Permanent fund principal	\$	\$	\$	\$	\$	48,692	48,692
Restricted for:							
Expendable permanent funds						411,649	411,649
Bonded projects						403,749	403,749
Grants						8,456,680	8,456,680
Housing rehabilitation			18,410				18,410
Total restricted	-	-	18,410	-	-	9,272,078	9,290,488
Committed for:							
Building maintenance stabilization fund	129,406						129,406
Capital stabilization fund	102,995						102,995
Contractual agreements stabilization fund	263,732						263,732
School special education stabilization fund	166,817						166,817
Total committed	662,950	-	-	-	-	-	662,950
Assigned to:							
Encumbrances	247,275						247,275
Unassigned:							
General Fund	1,335,059						1,335,059
General stabilization fund	1,855,399						1,855,399
Deficit funds		(4,972,259)		(4,402,840)	(416,575)	(3,032,521)	(12,824,195)
Total unassigned	3,190,458	(4,972,259)	-	(4,402,840)	(416,575)	(3,032,521)	(9,633,737)
Total Fund Balances	\$ 4,100,683	\$ (4,972,259)	\$ 18,410	\$ (4,402,840)	\$ (416,575)	\$ 6,288,249	\$ 615,668

12. GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM

A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Greenfield Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS) of 3-member units. Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. The System Retirement Board does not have the authority to amend benefit provisions. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid.

The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the System located at 14 Court Square, Greenfield, MA 01301.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to April 1, 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements.

If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant 1) has at least 10 years of creditable service, 2) is age 55, 3) voluntarily left Town/City employment on or after that date, and 4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2018 was \$3,635,866, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of approximately \$41.3 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Town's proportion was 89.76%.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the year ended June 30, 2018, the Town recognized pension expense of approximately \$5.6 million. In addition, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,270,928	\$
Changes of assumptions	3,291,499	
Net difference between projected and actual earning on pension plan investments	<u> </u>	<u>2,594,962</u>
Total	<u>\$ 5,562,427</u>	<u>\$ 2,594,962</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2020	\$ 1,402,051
2021	1,375,123
2022	47,573
2023	(130,152)
	<u>272,870</u>
Total	<u>\$ 2,967,465</u>

D. Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	1/1/2017
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.40%
Projected salary increases	4.25% for Group 1, 4.75% for Group 4
Inflation rate	Not explicitly assumed
Post-Retirement cost-of-living adjustment	3% of first \$14,000

Pre-retirement rates for mortality were based on RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) and post-retirement rates for mortality were based on RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

Investment rate of return was reduced from 7.60% in 2015 to 7.40% in 2017 to more closely mirror a new 30-year study. This had the effect of increasing the System's total pension liability by approximately \$2.3 million.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of the most recent actuarial experience study, in 2014, which was for the years 2006-2011, updated to reflect date through January 1, 2015.

The mortality assumptions reflect our recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgment.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	17.50 %	4.47
International equities	15.50	4.66
Emerging equities	6.00	6.12
Core bonds	5.00	0.73
20+ year treasure STRIPS	2.00	0.49
TIPS	5.00	0.73
Value-added fixed income	10.00	3.50
Private equity	12.00	6.31
Real estate	10.00	3.59
Timberland	4.00	3.16
Portfolio completion (PCS)	13.00	3.44
Total	<u>100.00 %</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
Net Pension Liability	\$ 52,584,101	\$ 41,274,340	\$ 31,691,563

13. MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members - two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

**TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

C. Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975-1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provision of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join the system on or after April 2, 2012 will have their withholding rate reduced to 8% after achieving 30 years of creditable services.

D. Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

- (a) 7.5% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund, and (c) 3.0% cost of living increase per year on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2014 White Collar Employees Table projected generationally with Scale MP-2016 (gender distinct).
 - Post-retirement - reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).
 - Disability - assumed to be in accordance with the RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	40.0 %	5.0 %
Portfolio completion strategies	13.0	3.6
Core fixed income	12.0	1.1
Private equity	11.0	6.6
Value added fixed income	10.0	3.8
Real estate	10.0	3.6
Timber/natural resources	4.0	3.2
Hedge funds	0.0	3.6
Total	<u>100.0 %</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

F. Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (amounts in thousands):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 28,424,300	\$ 22,885,391	\$ 18,193,400

G. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

H. Town Proportions

In fiscal year 2017 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability and pension expense that is associated with the Town was \$37,788,139 and \$3,944,058, respectively, based on a proportionate share of 0.165%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expenditure in the General Fund.

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

In addition to providing the pension benefits previously described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. The plan does not issue a separate financial report.

At July 1, 2017, plan membership consisted of the following:

Inactive employees currently receiving benefit payments	404
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>518</u>
Total	<u><u>922</u></u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

B. Benefits Provided

The Town provides medical, prescription drug, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 20% or 40% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Investments

Investment Policy

The OPEB Trust Fund does not have a formal investment policy. At June 30, 2018, investments consisted of equity investments, fixed income securities, mutual funds and exchange-traded products. Concentration and rate of return information was not available.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.43% for the Town OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability were as follows:

Total OPEB liability	\$	85,783,605
Plan fiduciary net position		<u>1,310,580</u>
Net OPEB Liability	\$	<u><u>84,473,025</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		1.53%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	Unavailable
Investment rate of return	3.87%

Mortality rates were based on the RP-2000 Mortality table using Scale BB.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The target asset allocation as of June 30, 2018 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	53.00 %	4.50 %
U.S. mid/small cap	4.00	5.00
Developed international equities	6.00	5.25
Money market	37.00	0.25
Total	100.00 %	

The long-term expected rate of return on OPEB plan investments was not available.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Net OPEB Liability	\$ 99,008,079	\$ 84,473,025	\$ 72,978,358

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current healthcare cost trend rates:

	1% Decrease (6.6%) Decreasing to 3.6%)	Healthcare Cost Trend Rates (7.6%) Decreasing to 4.6%)	1% Increase (8.6%) Decreasing to 5.6%)
Net OPEB Liability	\$ 71,459,582	\$ 84,473,025	\$ 101,323,007

F. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 87,931,577	\$ 1,243,126	\$ 86,688,451
Changes for the year:			
Service cost	3,260,044		3,260,044
Interest on total OPEB liability	3,219,253		3,219,253
Difference between expected and actual experience	(24,362)		(24,362)
Changes of assumptions	(6,043,723)		(6,043,723)
Contributions - employer		2,559,184	(2,559,184)
Net investment income		67,454	(67,454)
Benefit payments, including refunds of member contributions	(2,559,184)	(2,559,184)	-
Net changes	(2,147,972)	67,454	(2,215,426)
Balances as of June 30, 2018	\$ 85,783,605	\$ 1,310,580	\$ 84,473,025

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,156
Changes of assumptions	-	5,248,496
Net difference between projected and actual earnings on OPEB plan investments	-	18,360
Total	\$ -	\$ 5,288,012

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30

2019	\$ 803,023
2020	803,023
2021	803,023
2022	803,023
2023	798,433
Thereafter	<u>1,277,487</u>
Total	<u>\$ 5,288,012</u>

H. Combining Pension and OPEB Trust Funds Financial Statements

	Other Post Employment Benefits Trust Fund	Pension Trust Fund (December 31, 2017)	Total Pension and OPEB Trust Funds
Assets:			
Cash and cash equivalents	\$ <u>485,663</u>	\$ <u>741,355</u>	\$ <u>1,227,018</u>
Investments, at fair value:			
Mutual funds	305,808		305,808
Common stock	519,109		519,109
Pension reserve investment trust		69,780,205	69,780,205
Total investments	<u>824,917</u>	<u>69,780,205</u>	<u>70,605,122</u>
Receivables:			
Contributions		609,811	609,811
Total assets	<u>1,310,580</u>	<u>71,131,371</u>	<u>72,441,951</u>
Net Position:			
Restricted for OPEB and Pension Benefits	\$ <u>1,310,580</u>	\$ <u>71,131,371</u>	\$ <u>72,441,951</u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

	Other Post Employment Benefits Trust Fund	Pension Trust Fund (For the Year Ended December 31, 2017)	Total Pension and OPEB Trust Funds
Additions:			
Contributions:			
Employer	\$ 2,559,184	\$ 4,226,000	\$ 6,785,184
Other systems and Commonwealth of Massachusetts		373,330	373,330
Plan members		1,822,280	1,822,280
Total contributions	<u>2,559,184</u>	<u>6,421,610</u>	<u>8,980,794</u>
Investment earnings:			
Net change in fair value of investments		10,690,918	10,690,918
Interest and dividends	67,454		67,454
Total investment earnings	<u>67,454</u>	<u>10,690,918</u>	<u>10,758,372</u>
Less investment expenses:			
Investment management fees		(343,932)	(343,932)
Net investment earnings	<u>67,454</u>	<u>10,346,986</u>	<u>10,414,440</u>
Total additions	<u>2,626,638</u>	<u>16,768,596</u>	<u>19,395,234</u>
Deductions:			
Benefits	2,559,184	7,076,452	9,635,636
Reimbursements to other systems		194,283	194,283
Refunds to plan members		237,383	237,383
Administrative expenses		147,616	147,616
Total deductions	<u>2,559,184</u>	<u>7,655,734</u>	<u>10,214,918</u>
Change in Net Position	67,454	9,112,862	9,180,316
Net Position at Beginning of Year	<u>1,243,126</u>	<u>62,018,509</u>	<u>63,261,635</u>
Net Position at End of Year	<u>\$ 1,310,580</u>	<u>\$ 71,131,371</u>	<u>\$ 72,441,951</u>

15. COMMITMENTS AND CONTINGENCIES

Outstanding Legal Issues

There are several pending lawsuits in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Environmental Issues

The Town has identified numerous environmental issues which may or may not become liabilities of the Town in the future. The Town has complied with all pertinent regulations and continually monitors each situation. The extent of the Town's liability related to environmental issues cannot be determined at this time, although the Town expects such liability, if any, to be immaterial.

16. SUBSEQUENT EVENTS

The Town issued \$5,000,000 of bond anticipation notes on October 1, 2018, maturing October 1, 2019 with an interest rate of 3.00%, to refinance \$5,000,000 of temporary notes outstanding which mature on October 1, 2018.

17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities and business-type activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and corrections of prior year errors to recognize revenue with respect to CDBG loans on the full accrual basis of accounting in the government-wide financial statements and year end cutoff of accounts payable:

Governmental Activities	Net Position
Balance as previously reported June 30, 2017	\$ 11,108,125
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	34,141,177
Record total OPEB liability per GASB No. 75	(83,585,004)
Record revenue of CDBG loans unavailable	3,103,421
Adjust for invoice included in incorrect year	<u>(78,221)</u>
Balance July 1, 2017, as Restated	<u>\$ (35,310,502)</u>
Governmental Funds - GCET Capital	Net Position
Balance as previously reported June 30, 2017	\$ (3,853,072)
Adjustments:	
Adjust for invoice included in incorrect year	<u>(78,221)</u>
Balance July 1, 2017, as Restated	<u>\$ (3,931,293)</u>

TOWN OF GREENFIELD, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Business-Type Activities	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 9,000,237
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	1,697,566
Record total OPEB liability per GASB No. 75	<u>(3,103,447)</u>
Balance July 1, 2017, as Restated	\$ <u>7,594,356</u>
Proprietary Funds - Water Fund	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 3,186,035
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	816,154
Record total OPEB liability per GASB No. 75	<u>(1,473,704)</u>
Balance July 1, 2017, as Restated	\$ <u>2,528,485</u>
Proprietary Funds - Sewer Fund	<u>Net Position</u>
Balance as previously reported June 30, 2017	\$ 5,814,202
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	881,412
Record total OPEB liability per GASB No. 75	<u>(1,629,743)</u>
Balance July 1, 2017, as Restated	\$ <u>5,065,871</u>

TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS*
(in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	89.76%	89.65%	89.24%	88.69%
Town's proportionate share of the net pension liability	\$ 41,274	\$ 41,234	\$ 40,651	\$ 33,408
Town's covered payroll	\$ 16,646	\$ 14,408	\$ 14,342	\$ 13,221
Town's proportionate share of the net pension liability as a percentage of its covered payroll	247.95%	286.19%	283.44%	252.69%
Plan fiduciary net position as a percentage of the total pension liability	60.74%	57.42%	56.41%	61.23%

Notes to Schedule

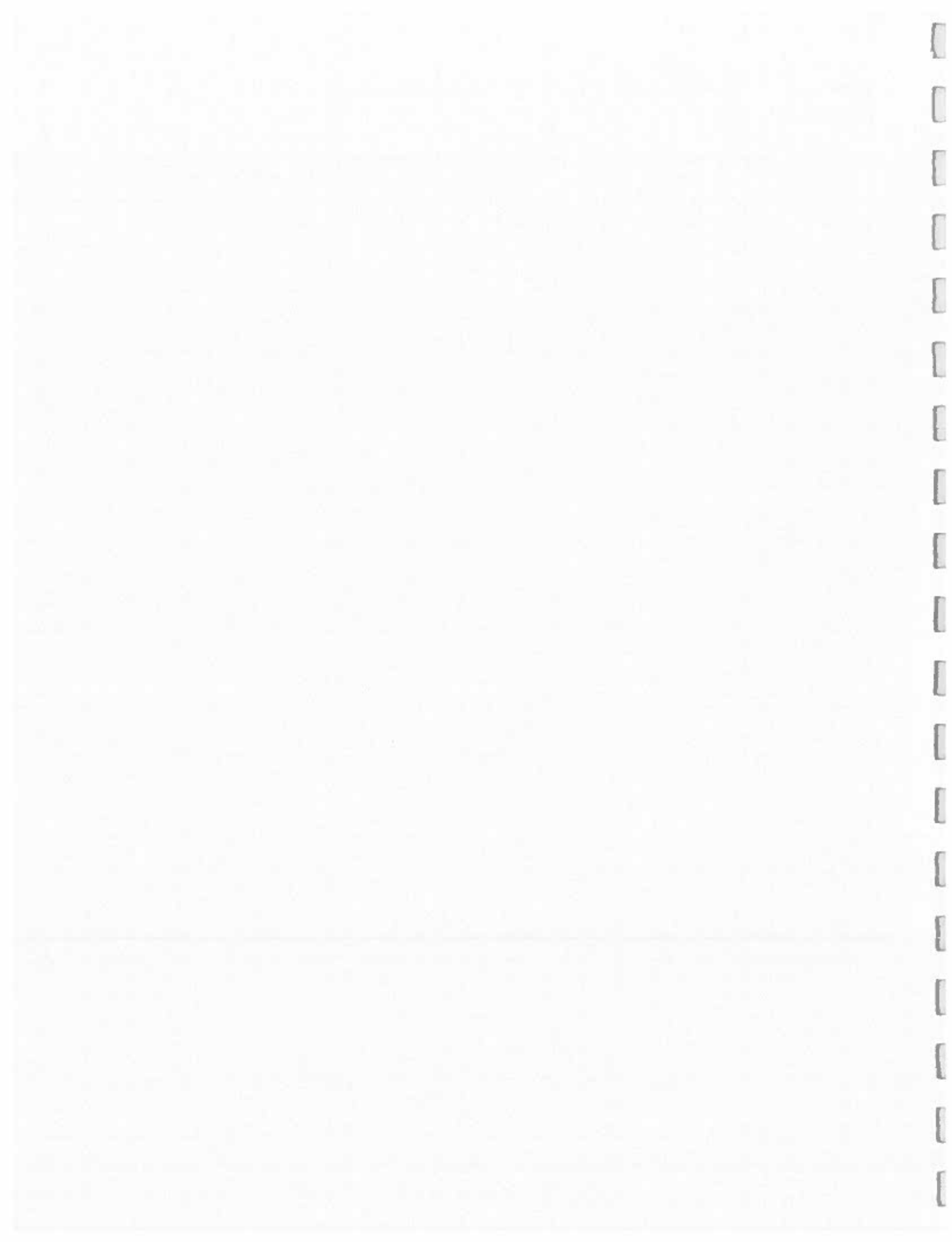
Changes of assumptions

Investment rate of return was reduced from 7.60% in 2015 to 7.40% in 2017 to more closely mirror a new 30-year study. This had the effect of increasing the System's total pension liability by approximately \$2.3 million.

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Investment rate of return

Entry age
Level percent of salary, closed
16 years
Deferred recognition method
7.40%, net of investment related expense

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS ***
(in Thousands)

	2018	2017	2016	2015
Contractually required contribution	\$ 3,793	\$ 3,569	\$ 3,343	\$ 3,144
Contributions in relation to the contractually required contribution	3,793	3,569	3,343	3,144
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,646	\$ 14,408	\$ 14,342	\$ 13,221
Contributions as a percentage of covered payroll	22.79%	24.77%	23.31%	23.78%

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2018
Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	16 years
Asset valuation method	Deferred recognition method
Projected pay increases	4.25% for Group 1, 4.75% for Group 4
Investment rate of return	7.40%, net of investment related expense

Mortality (healthy participants) Pre-retirement rates for mortality were based on RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) and post-retirement rates for mortality were based on RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).

Mortality (disabled participants) For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it available.

TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS*
(in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.165%	0.160%	0.163%	0.166%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
Commonwealth of Massachusetts's total proportionate share of the net pension liability associated with the Town	<u>37,788</u>	<u>37,077</u>	<u>33,416</u>	<u>25,435</u>
Total Net Pension Liability Associated with the Town	<u>\$ 37,788</u>	<u>\$ 37,077</u>	<u>\$ 33,416</u>	<u>\$ 25,435</u>
Town's covered payroll	\$ 11,212	\$ 10,886	\$ 10,338	\$ 9,811
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.25%	52.73%	55.38%	61.64%

Notes to Schedule

Salary increase	4.0% to 7.5%
Cost of living increase	3.0% on the first \$13,000
Investment rate of return	7.50%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
LAST TWO FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 3,260,044	\$ 1,893,385
Interest on total OPEB liability	3,219,253	3,505,423
Differences between expected and actual experience	(24,362)	44,908
Changes of assumptions	(6,043,723)	21,983,665
Benefit payments, including refunds of member contributions	<u>(2,559,184)</u>	<u>(2,595,705)</u>
Net change in total OPEB liability	(2,147,972)	24,831,676
Total OPEB liability - beginning	<u>87,931,577</u>	<u>63,099,901</u>
Total OPEB liability - ending	<u>85,783,605</u>	<u>87,931,577</u>
Plan fiduciary net position:		
Contributions - employer	2,559,184	2,695,705
Net investment income	67,454	122,946
Benefit payments, including refunds of member contributions	<u>(2,559,184)</u>	<u>(2,595,705)</u>
Net change in plan fiduciary net position	67,454	222,946
Plan fiduciary net position - beginning	<u>1,243,126</u>	<u>1,020,180</u>
Plan fiduciary net position - ending	<u>1,310,580</u>	<u>1,243,126</u>
Net OPEB Liability - Ending	<u>\$ 84,473,025</u>	<u>\$ 86,688,451</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.53%	1.41%
Covered payroll	\$ 21,700,315	\$ 22,740,011
Net OPEB liability as a percentage of covered payroll	389.27%	381.22%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
LAST TWO FISCAL YEARS***

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 5,995,000	\$ 5,938,000
Contributions in relation to the actuarially determined contribution	<u>2,559,184</u>	<u>2,695,705</u>
Contribution Deficiency	<u>\$ 3,435,816</u>	<u>\$ 3,242,295</u>
Covered payroll	\$ 21,700,315	\$ 22,740,011
Contributions as a percentage of covered payroll	11.79%	11.85%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 Actuarially determined contribution for fiscal year ending 2018 is calculated based on actuarial valuation as of July 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of salary
Asset valuation method	Plan assets equal the market value of assets
Projected pay increases	2.60%
Investment rate of return	5.43%
Mortality	RP-2014 adjusted to 2006 total dataset (Blue Collar for Police and Fire) mortality table projected to valuation date with Scale MP-2018
	(Prior: PR-2000 mortality with separate male and female rates, with no collar adjustment (Blue Collar for Police and Fire), combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB)

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GREENFIELD, MASSACHUSETTS
SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
LAST TWO FISCAL YEARS***

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense:	5.43%	11.50%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

